

109TH CONGRESS  
2D SESSION

# H. R. 5473

To repeal the increase in tax on unearned income of minor children enacted by the Tax Increase Prevention and Reconciliation Act of 2005.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2006

Mr. PASCRELL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To repeal the increase in tax on unearned income of minor children enacted by the Tax Increase Prevention and Reconciliation Act of 2005.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Student Savings Act  
5       of 2006”.

6       **SEC. 2. REPEAL OF TAX INCREASE ON UNEARNED INCOME**  
7       **OF MINOR CHILDREN.**

8       Section 510 of the Tax Increase Prevention and Rec-  
9       onciliation Act of 2005 (Public Law 109–222), and the  
10      amendments made by such section, is hereby repealed.

1 The Internal Revenue Code of 1986 shall be applied and  
 2 administered as if such section and amendments had never  
 3 been enacted.

4 **SEC. 3. IMPOSITION OF INDIVIDUAL INCOME TAX SUR-**  
 5 **CHARGE.**

6 (a) IMPOSITION OF TAX.—Section 1 of the Internal  
 7 Revenue Code of 1986 (relating to imposition of tax on  
 8 individuals) is amended by adding at the end the following  
 9 new subsection:

10 “(j) ADDITIONAL INCOME TAX.—

11 “(1) IN GENERAL.—If the adjusted gross in-  
 12 come of the taxpayer exceeds the threshold amount,  
 13 the tax imposed by this section (determined without  
 14 regard to this subsection) shall be increased by an  
 15 amount equal to the applicable percentage of so  
 16 much of the adjusted gross income as exceeds the  
 17 threshold amount.

18 “(2) THRESHOLD AMOUNTS.—For purposes of  
 19 paragraph (1), the term ‘threshold amount’ means  
 20 \$1,000,000.

21 “(3) APPLICABLE PERCENTAGE.—For purposes  
 22 of paragraph (1), the applicable percentage for a  
 23 taxable year shall be the percentage which the Sec-  
 24 retary shall determine will (after the application of  
 25 paragraph (1)) result in an increase in revenues to

1 the Treasury for the taxable year in an amount  
2 equal to the decrease in such revenues by reason of  
3 the enactment of section 2 of the Student Savings  
4 Act of 2006.

5 “(4) TAX NOT TO APPLY TO ESTATES AND  
6 TRUSTS.—This subsection shall not apply to an es-  
7 tate or trust.”.

8 (b) COORDINATION WITH MINIMUM TAX.—Section  
9 55(c) of such Code (defining regular tax) is amended by  
10 redesignating paragraph (3) as paragraph (4) and by in-  
11 serting after paragraph (2) the following new paragraph:

12 “(3) COORDINATION WITH MINIMUM TAX.—  
13 Solely for purposes of this section, section 1(j) shall  
14 not apply in computing the regular tax.”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2005.

18 (d) SECTION 15 NOT TO APPLY.—The amendments  
19 made by this section shall not be treated as a change in  
20 a rate of tax for purposes of section 15 of the Internal  
21 Revenue Code of 1986.

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